

“my chat with a bank CEO”

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Cluster Head (East Africa) Ecobank**

Joined by Habil Olaka, KBA CEO

Chat Summary

Wednesday, 21 November 2012

Topic: Pan African View

Time: 10:00am – 11:00am

Contents

1. Banks's view on Africa
2. Kenya's economic potential
3. Final Comments



If you had the opportunity to chat with a Bank CEO, what would you talk about?

Banks' view on Africa

Aokpanachi: bonjour ...im happy to be on the chat...and to share my perspectives on the pan African view of banking...this is a timely topic as we see growth across Africa and banks' need to take up the role of facilitating this growth and economic development across Africa.

... maybe i can make some general comments...Africa is the fastest growing region in the world and projections are that in another 20 years Africa will be getting to the first world status...given this potential it is quite important for banks to be positioned to play an active role in the financial integration and also the development of the continent...we are beginning to see global interest in Africa. ...so there is a need to have a robust banking platform across Africa to ensure that investment into Africa is adequately utilised across the sub regions.

Allen: How come banks in Africa charge higher interest rates than European and American banks, is there a chance we'll see these interest rates drop?

Aokpanachi: Allen you ask a good question...The macroeconomic situation of Africa is very different from Europe or America. We here in Africa are at a developing stage in terms of the financial sector, so the resources (basically cash deposits) available are not adequate, and short term in nature which means banks in Africa carry a higher risk at a higher price than most developed economies. As the economies of these African countries develop further, we will, and actually have already started seeing, relative stability in terms of resources (funds) and operational costs are coming down.

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“My Chat with a Bank CEO”

21 November 2012 Chat Log: Pan African View

Banks' View on Africa (Continued)

Aokpanachi: Another comment I would like to make generally, is that we are beginning to see banks spread their networks across Africa, from one region to the other, which underscores the need for intra Africa development to come from within Africa...we have the resources in Africa in terms of talent, financial capacity, to accelerate the development of the continent

frank: Don't you think what is happening in Europe will affect Africa's economy ...take Greece for instance, will Kenya not be affected due to its strong ties with Europe and US

Aokpanachi: Frank, thank you for your question, Africa is not fully insulated from the global economy, so in the long run we begin to see some of the impact of the Euro crisis affecting Africa in terms of our exports, and grants and aids, as well as investment into Africa; Kenya for example it may begin to affect our tourism sector as we see less inflows coming in

Kenya's economic growth

Murugi: how does ECo Bank factor into kenyas economic growth?

Aokpanachi: Murugi thank you for your question, banks generally including Ecobank, have a catalytic effect in economic development of any country...banks play an intermediary role to ensure that funds are channelled to the required sector of the economy....so in broad terms, through investment, lending activities, advisory roles, etc banks collectively impact on the economy...

najma: how does this impact on me as an individual?

Aokpanachi: najma thank you for joining us...i would say as an individual the banks will generally provide a platform for you to be able to enhance your financial strength through either the product or service provided, or if you have funds (savings) banks provide a platform for you to invest, and give good returns.

984CapitalFM: Kevin asked on Facebook: Will growing National Debt not slow down economic growth in the long-run

Aokpanachi: Kevin thanks for joining us from Facebook...depending upon what the national debt is used for, for example infrastructure development, it would have a multiplier effect on the economy which in the long run will create a platform for economic growth and financial stability.

Kenya Bankers Association

“My Chat with a Bank CEO”

21 November 2012 Chat Log: Pan African View

Kenya's Economic Growth (Continued)

Allen: What is your strategy to reach out to the less mainstream contributors to the economy? If there largest part of the economy is informal how do you reach out to them and make them more formal

Aokpanachi: Allen, if you recall, the financial inclusion agenda 10 years ago was not as developed and focused on the informal sector as it is today...we are beginning to see a lot of penetration into the unbanked population through the use of mobile technology ...i can say this is the beginning of more inclusiveness as banks position themselves to better serve informal sector.

In addition to that, agency banking is a model that will reach out more to the informal sector, who before now had limited access to formal banking services

984CapitalFM: Kimani Maina asked on Facebook: To achieve surplus growth Kenya needs over 20,000 factories and have 86% of Kenyans in upper middle class level. What is the banks take in this?

Aokpanachi: Thank you Kimani Maina, depending upon what sector of the economy requires these factories, banks generally will provide financing opportunity ..that will lead to economic development of the country...the outcome of this will be the creation of job opportunities across the board....specifically the Vision2030 success in creating a strong middle class is predicated on such economic activities.

mwenda: with the upcoming general elections and fears that there will be chaos, how will this affect lending rates and the overall Kenyan economy?

Aokpanachi: Thank you Mwenda, from all indications there are no indications that the economy will be adversely affected by the upcoming election period

benjanjor: are there any set precautions this time during and after elections to try and safegaurd the Ksh stability market wise

Aokpanachi: To answer Benjanjor\'s question about currency stability during elections, the current macroeconomic environment that we are seeing in terms of relative stability in the exchange rate will be further strengthened by the ongoing actions of the Central Bank

984CapitalFM: Henrique posted on Twitter: Kenya\'s economy is driven down by corruption, lack of great leadership. What role do banks play to ensure good leadership and governance?

Aokpanachi: Henrique thank you for joining us via Twitter...banks have very strong governance structures and as long as banks continue to uphold their internal governance it will permeate all points of interaction with the general society ...to add, we have seen a lot of positive regulations such as anti money laundering, the establishment of the financial reporting center to track illicit financial transactions...all these act as a deterrent to unethical practices

Kenya Bankers Association

“My Chat with a Bank CEO”

21 November 2012 Chat Log: Pan African View

(Continued)

Final comments

Aokpanachi: as we take the last comments, i would like to further comment on financial inclusiveness as banks expand their networks across Africa...as banks go from one country to another, best practices are being shared, we begin to see more robust banking products and services, we see a lot of exchange of talent across Africa, we discover more potential in the continent...so this is good for not only the banks but also...and more importantly....is good for the private and public sector development in all the countries.

HabilO: Most Kenyan banks are entering the regional market and some regional banks are entering the market as a region I.e. the EAC. The KBA has thus been spearheading the formation of the East African Bankers Association to support the banks in the context of regional integration. Policy framework is critical for banks to facilitate financial intermediation at the regional level and EABA will focus on this.

Aokpanachi: Thank Habil for that comment

ceochat: Tony, thanks for your time...final comment?

Aokpanachi: Thanks Nuru...I wish to use this opportunity to thank all participants of this chat. As we continue to grow the network of banks across Africa, we expect to see more financial integration and development of the continent...merci beaucoup, and au revoir.

HabilO: Thanks, Tonnie. I enjoyed the discussion and it really had a panafrican view.

Aokpanachi: Thank you Habil

ceochat: Mecri Tony, Habil...Thank you all for joining us...we have had a good hour long discussion on Africa and the banks view.